

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AGR-20 NSA-02 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

H-03 L-03 NSC-07 PA-04 PRS-01 SS-20 USIA-15 FEA-02

SCI-06 INT-08 STR-08 DRC-01 /198 W

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R 181221Z MAR 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1555

INFO AMEMBASSY VIENTIANE

AMEMBASSY VIENTIANE

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

CONFIDENTIAL BANGKOK 4397

E.O. 11652: GDS

TAGS: EGEN, EAID, TH

SUBJECT: STATUS REPORT ON RICE PROBLEM

REF: BANGKOK 4218

1. BEGIN UNCLASSIFIED. SANYA GOVERNMENT AND MINISTRY OF COMMERCE IN PARTICULAR CONTINUE TO BE SOREL BY RUN ON RICE AS REPORTED IN REFTEL. FOLLOWING MARCH 12 CABINET MEETING, AT WHICH RICE CRISIS REPORTEDLY WAS MAJOR AGENDA ITEM, MINISTRY OF COMMERCE HAS TAKEN ADDITIONAL STEPS TO MAKE FIXED PRICE RICE AVAILABLE TO PUBLIC AT ADDITIONAL OUTLETS. ACCORDING TO PRESS INTERVIEW WITH CHIEF OF FOREIGN TRADE DEPARTMENT IN MINISTRY OF COMMERCE, THERE ALSO WILL BE A TEMPORARY BAN ON NEW EXPORT CONTRACTS FOR RICE. SPECIAL COMMITTEE TO INVESTIGATE ALLEGED RICE PROFITEERING HAS ALSO BEEN ESTABLISHED.

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2. NEVERTHELESS, PRESS ACCOUNTS HAVE CONTINUED TO APPEAR

ABOUT SHORTAGES AND PRICE INCREASES. TO THESE HAVE BEEN ADDED CHARGE OF WIDESPREAD CORRUPTION IN MINISTRY OF COMMERCE AMONG OFFICIALS RESPONSIBLE FOR RICE POLICY. SUGGESTIONS FOR INVOKING ARTICLE 17 HAVE BEEN MADE.

3. SIMULTANEOUSLY PRESSING FOR SPECIAL ATTENTION FROM THE GOVERNMENT IS THE FISHING INDUSTRY, WHICH BEGAN ON MARCH 15 AT LEAST PART OF ITS LONG THREATENED STRIKE DESPITE THE GOVERNMENT'S PARTIAL YIELDING ON THE BAN AGAINST FISH MEAL EXPORTS. ACCORDING TO PRESS ACCOUNTS, THE FISHERMEN WANT NO RESTRICTIONS ON EXPORTS OF FISH MEAL, REDUCTION OF TAXES AND PRICES ON FISHING GEAR AND MORE AS WELL AS CHEAPER DIESEL OIL. END UNCLASSIFIED.

4. COMMENT: RICE CRISIS, PARTICULARLY IF COMPOUNDED BY A PROLONGED FISHERMEN'S STRIKE WHICH WOULD DENY POORER PEOPLE A CHEAP SOURCE OF PROTEIN, HAS POTENTIAL FOR THREATENING STABILITY OF SANYA GOVERNMENT, AS RECENT RUMORS HAVE SUGGESTED MAY HAPPEN. SANYA GOVERNMENT, LIKE PREDECES-SORS, IS TRYING TO KEEP RICE PRICE LOW FOR URBAN CONSUMERS, AND TRADITIONALLY THIS HAS BEEN AT EXPENSE OF FARMERS. HOWEVER, EMBASSY BELIEVES STAGE OF CREDIBLE THREAT HAS NOT YET BEEN REACHED AND THAT RICE CRISIS HAS EASED SOMEWHAT OVER PAST FEW DAYS BUT GENERAL ECONOMIC SITUATION IS CAUSE FOR POPULAR CONCERN. THERE IS NO SHORTAGE OF RICE IN THAILAND, AND GOVERNMENT'S MAIN PROBLEM APPEARS TO BE TO CONVINCE PUBLIC THIS SEEMINGLY OBVIOUS FACT. RESORT TO ARTICLE 17 POWERS, WHICH WE BELIEVE GOVERNMENT RELUCTANT TO USE, MAY WELL BE NECESSARY, PARTICULARLY IF ONE POTENTIALLY UGLY ASPECT OF THE RICE CRISIS SHOULD COME TO SURFACE AND BE GIVEN SOME CREDENCE, NAMELY, SCATTERED REPORTS THAT CHINESE MERCHANTS, WHO DO CONTROL THE RICE TRADE, ARE MANIPULATING IT FOR THEIR OWN PROFIT. FOLLOWING WEEK OR TWO LIKELY TO BE CRUCIAL.

5. THIS IS A PRELIMINARY ASSESSMENT OF A COMPLICATED MATTER. WILL REPORT FURTHER AS SITUATION DEVELOPS.
KINTNER

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